

Comparative Snapshot			
	Compilation	Review	Audit
Level of Assurance Obtained by the Accountant/Auditor that the Financial Statements Are Not Materially Misstated	Accountant does not obtain or provide any assurance that there are no material modifications that should be made to the financial statements	Accountant obtains limited assurance that there are no material modifications that should be made to the financial statements	The auditor obtains a high, but not absolute, level of assurance about whether the financial statements are free of material misstatement
Objective	To assist management in presenting financial information in the form of financial statements without undertaking to provide any assurance that there are no material modifications that should be made to the financial statements	To obtain limited assurance that there are no material modifications that should be made to the financial statements	To obtain a high level of assurance about whether the financial statements as a whole are free of material misstatement, thereby enabling the auditor to express an opinion on whether the financial statements are presented fairly, in all material respects
Assurance Provided to the User of the Financial Statements	None—this report states that no assurance is provided	None—the report provides a statement that the accountant is not aware of any material modifications that should be made to the financial statements	None—the auditor provides an opinion as to whether the financial statements present fairly, in all material respects, the company's financial position, results of operations and cash flows
The accountant is required to obtain an understanding of the entity's internal control and assess fraud risk			✓
The accountant is required to perform inquiry and analytical procedures		✓	✓
The accountant is required to perform verification and substantiation procedures			✓
Situations requiring different levels of service	Generally appropriate for privately held companies and are often prepared for simple situations (e.g., a lender needs GAAP financial statements instead of the statements the internal accounting system produces or the lender needs the comfort provided by knowing that an accountant read the financial statements)	Often prepared for privately held companies because of requirements of outside third parties (such as banks, creditors and potential purchasers) that are looking for comfort that the financial statements are not materially misstated	Often prepared for companies because outside third parties (such as banks, creditors, potential purchasers and outside investors) require an auditor's opinion on the financial statements
Differences in costs for each level of service	Involves the lowest amount of work and as a result is far less costly than a review or audit	More costly than a compilation but substantially lower in cost than an audit	Involves the most work and therefore the cost is substantially higher than a review or compilation